BOATING INDUSTRY

$4.50 THE MANAGEMENT MAGAZINE OF THE BOATING INDUSTRY JANUARY 1985

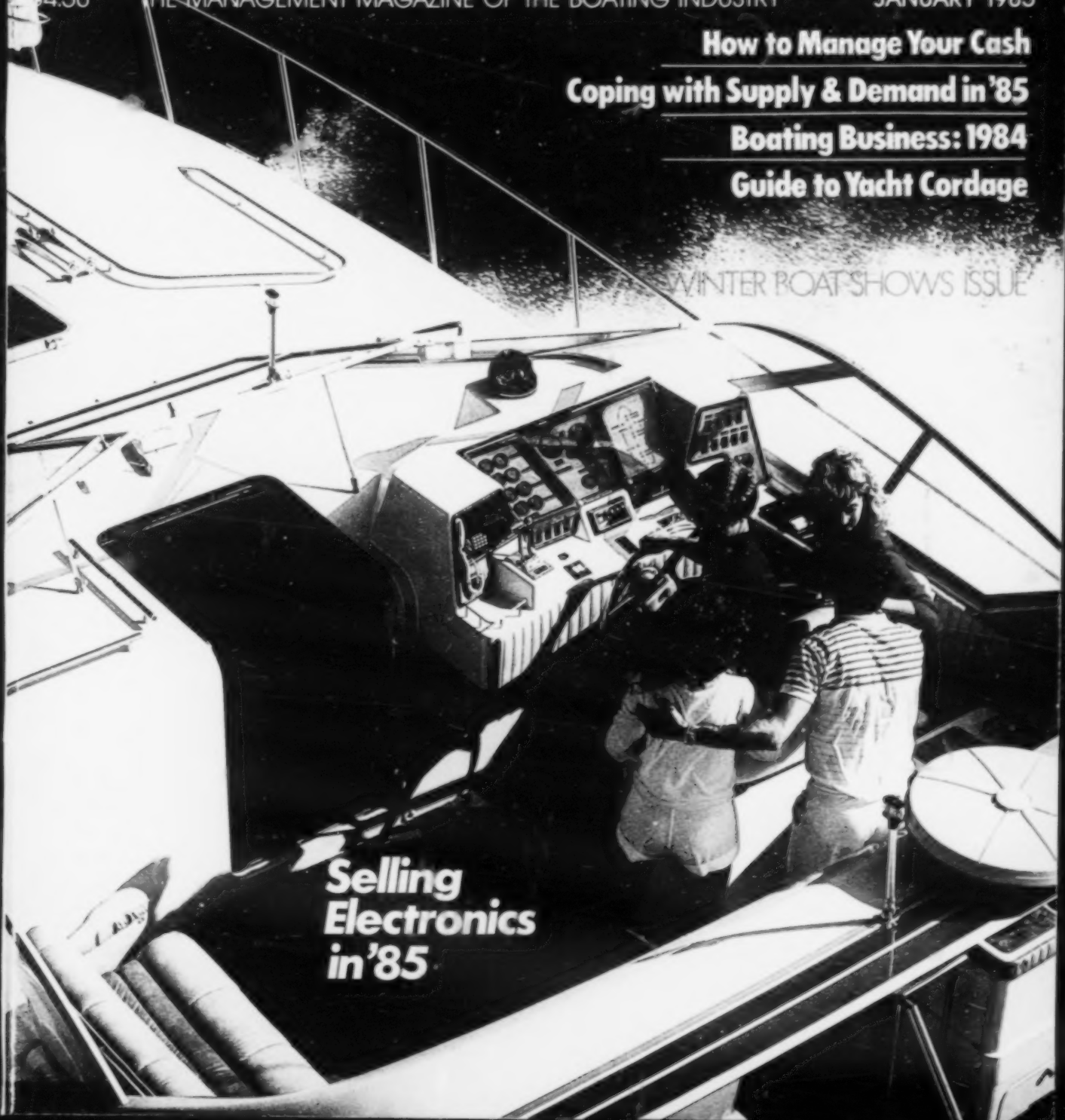
How to Manage Your Cash

Coping with Supply & Demand in '85

Boating Business: 1984

Guide to Yacht Cordage

WINTER BOAT SHOWS ISSUE



Selling Electronics in '85

BOATING INDUSTRY

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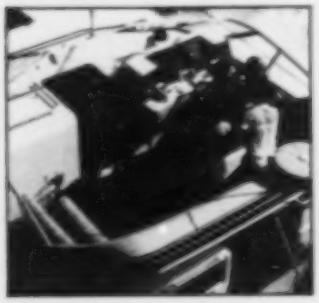
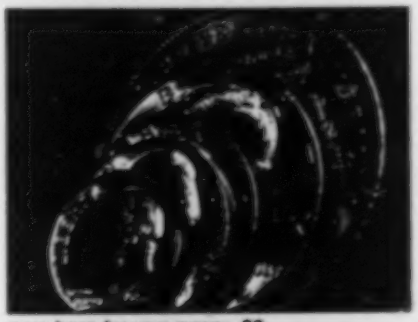


Cover

The helm of this handsome Trojan 13-meter boasts a full complement of electronics wizardry, reflecting the wants and needs of today's consumer. PHOTO JOHN WISDOM

BEG PARDON

We inadvertently neglected to credit Horizons Production Ltd., Inc. for providing the handsome photograph taken by James Stedman which graced the October 1984 issue of BOATING INDUSTRY Magazine.



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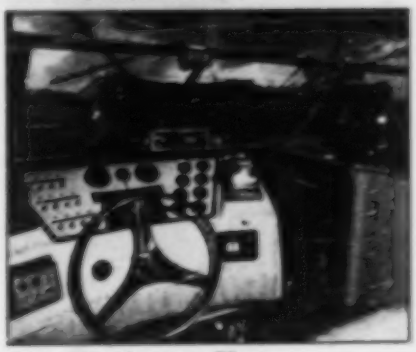

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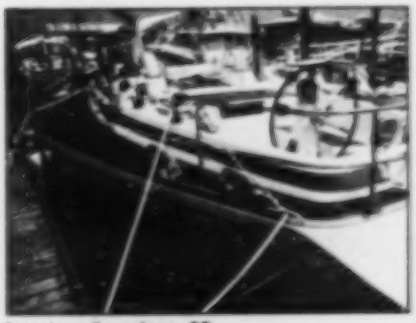

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As the pleasure boating industry enters '85, it is coming off its best twelve month growth cycle in years. Across the board manufacturers, distributors and dealers reported a blockbuster sales year.

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A sound management program can make funds available for investment at attractive rates, and increase the bottom line of your business.

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The year just past was a windfall year for the marine electronics manufacturers. This special report reviews the performance of the market, discusses product innovation for the coming year, and relates the experiences of one aggressive electronics distributor on the West Coast.

$4.95

BOATING INDUSTRY

The Boating Business

This is a report on the current state of the pleasure boating industry based on the latest information available. The statistics presented here were compiled by the editors of BOATING INDUSTRY for use as business guidelines during 1985. Some figures are based on our own nationwide surveys, others from materials provided by the National Marine Manufacturers Association, the Water Ski Industry Association, the U.S. Coast Guard, the U.S. Chamber of Commerce, and individual manufacturers and groups. Unit sales surged in most categories for 1984, and all indicators point to even stronger sales in 1985.

1984

1984 Estimates of the Size of the Recreational Boating Industry

ACROSS THE COUNTRY:

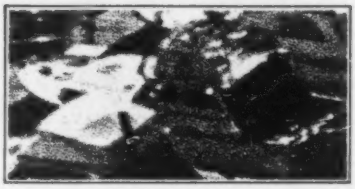
PEOPLE: 62,172,000 Americans participated in recreational boating in 1984, having used the waterways more than once or twice during the year.

WATER SKIERS: Approximately 15,480,000 went water skiing.

BOATS: 13,489,000 pleasure craft made their way through U.S. waters. The following is a breakdown by boat type and propulsion. Due to this format, the total of these individual estimates will exceed the total pleasure craft population estimate quoted above.

OUTBOARD BOATS: 7,332,000 outboard boats owned in the U.S.

INBOARD BOATS: The 431,000 inboard boats owned include



auxiliary-powered sailboats and boats documented by the U.S. Coast Guard.

SAILBOATS: 1,144,000 sailboats without inboard power were in use in 1984 on all waters.

OPEN-DECK BOATS: An estimated 111,000 pontoon boats were in use.

HOUSEBOATS: 29,600 houseboats were estimated to have been in use.

INBOARD/OUTDRIVE BOATS: There were an estimated 944,000 in use at the close of 1984.

MISCELLANEOUS: An estimated 3,506,500 rowboats, canoes, dinghies, prams and other miscellaneous craft were owned at the end of 1984.

OUTBOARD MOTORS: 9,400,000 outboard motors were in use during 1984.

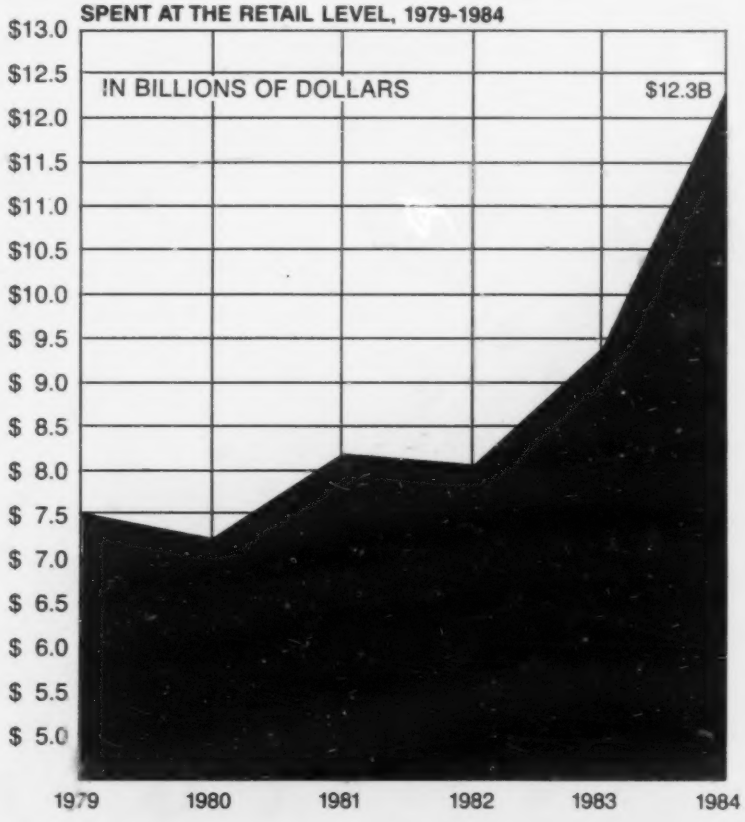
INBOARD ENGINES: Approximately 1,632,000 inboard gasoline and diesel engines were owned, including conversions of automotive engines.

JET DRIVES: By the end of 1984, it is estimated that the number of jet drives in use was 95,000.

BOAT TRAILERS: Approximately 5,008,000 boat trailers were owned in 1984, including those that were both home-made and factory-produced.

MARINAS: Approximately 5,789 marinas, boatyards and yacht clubs with waterfront stations served boaters in the United States during 1984. The estimated breakdown is 4,489 marinas and 1,300 boat clubs.

SPENT AT THE RETAIL LEVEL, 1979-1984



1984 SALES ESTIMATES:

Approximately $12,340,000,000 was spent at the retail level for new and used equipment, services, insurance, fuel, mooring and launching fees, repairs and boat club memberships.

317,000 outboard boats
15,280 inboard boats
108,000 inboard/outdrive boats
3,575 jet drive boats
36,600 non-powered sailboats (not including sailboards)
4,150 auxiliary-powered sailboats
103,000 canoes
14,400 deck & pontoon boats
1,850 houseboats
200,000 boat trailers
411,000 outboard motors
112,750 inboard & I/O engines
30,700 inflatable boats
8,650 air conditioners
401,000 depth sounders
4,450 diesel engines (5 to 60 hp)

NOTE: All estimates include consideration of retail sales from dealers' inventories as well as factory shipments. Previous years' data reflect only the latter.

An Overview of 1984 in the Boating Industry

The boating industry has come a long way since 1979. At that time, the pleasure boating market commenced a downward slide which stayed unreversed until the fall of '82. We have marched back up the growth charts since. And now, as we enter '85, we are coming off our best twelve month growth cycle in years. Across the board, manufacturers, distributors and dealers, reported a blockbuster sales year with an average industry increase topping 20%. Not bad for a business marketplace which could barely stand up on its own two feet only two years ago.

An examination of marine categories across the industry reveals healthy gains. Powerboats, engines, trailers, accessories and small craft—all tabulated sharp increases and were the big winners. in fact overall, money spent at the retail level for new and used boats, motors, engines, safety equipment, fuel, maintenance, insurance, moorings, etc., was a whopping $12,340,000,000 in 1984. In 1983 that figure was $9,375,000,000.

Over all, the revitalization of the pleasure boating market had a lot to do with improved financial markets. For the dealer, it meant the ability to floorplan at better terms since more and more lending institutions were competing for his business. As a result, the dealer was able to fully stock his showroom with product which gave him greater credibility with customers and cut-down delivery time.

For the customer, it meant two things. One, Mr. Boat Buyer had more disposable income in his pocket in 1984 than '83. And two, the improved economy permitted him to spend that disposable income (in the form of a downpayment) on more expensive product knowing that marine loans were widely available, and at terms he could afford.

For the pre-existing boat owner, marine loans were not a concern. His concern was to maintain, even upgrade the boat model he did own by buying perhaps a Satnav system or some other form of marine electronics and accessory items in general.

A LOOK AT OTHER HAPPENINGS IN THE WORLD OF BOATING

1984 was a year of changes and rearranges in the boating industry; mostly positive. Still, there was a plethora of activity among the boating public, national boaters' organizations, educational groups, state boating administrations and special interest outfits who made news in 1984, if not a few "waves." These waves, at the state and local level, may turn out to be trends important to the entire recreational boating industry. On the other hand, "silent currents" at the grassroots level are also shaping trends to be reckoned with. Let's take a look at some of the trends, opinions and problems which surfaced as issues in 1984:

- Big issue. Slip space shortage. There seems to be a growing trend in the Northeast, Gulf Coast and parts of California regarding this problem. An ever increasing number of condominium developers are buying up shorefront real estate making public accessibility to sea more and more difficult. In addition many of these developers are enticing marina operators and boat dealers (along the water) to scut their businesses for hefty six and seven figure headache-free profits. Many dealers and marina operators have bought the bait. Many more will follow. The result? A trend we have seen already which is the increase in sales of trailerable boats or those 28-feet or less in length.

- Booze and boating. As the number of boats on the water increased in 1984, so did the number of boating accidents and fatalities. Excessive drinking was considered one key cause. As a result, this past June, the U.S. Coast Guard, the National Safe Boating Council and other boating safety organizations, banded together for 1984's "Safe Boating Week." In and of itself, the media event did not have tangible impact. But it did give greater visibility to a growing problem which the U.S. Coast Guard and boating lobbyists in Washington are trying to resolve.

- To not say Ronald Reagan's re-election had an impact on the world of boating would be remiss. It did, and a positive impact at that. In a boating industry poll—manufacturers, dealers, distributors, and reps throughout the marine industry, overwhelmingly wished and received Reagan's re-election, and thus a continuance of the policies which had brought new life to their businesses.

- Another new development in the boating industry was the emergence that the Coast Guard wanted out of enforcing MSD (marine sanitation device) requirements. That emergence was based on a Coast Guard study of the MSD program. The program, administered under regulations of both the Coast Guard and the Environmental Protection Agency (EPA), stipulated that recreational or commercial vessels 65-feet or less with installed heads, must have certified Type 1 flow-thru treatment devices, or Type 3 holding tanks. The program had been in place for twenty years. But now, with this new study, the Coast Guard and EPA were seeking to abolish all existing federal requirements and give states the choice of either administering the program, or having no program at all. The jury is still out on this one.

- Will the product pipeline be too full or too empty? This was a question which pervaded the minds of manufacturers, dealers and distributors throughout the 1984 boating season. At the beginning of the year, the pipeline was most definitely empty, with boat, engine and accessory makers scrambling to meet a demand they had not seen in years. The result was an immediate, if not massive expansion of production capability which occurred just in the nick of time to meet the pent-up purchasings of America's boating public. With 1984 at a close, that pipeline is still relatively empty. But how long will it last? Will the American economy reverse itself, de-stabilize, leaving a glut of unsold product on dealer and distributor shelves? This underlying question should continue through 1985, with cautious optimism the keynote.

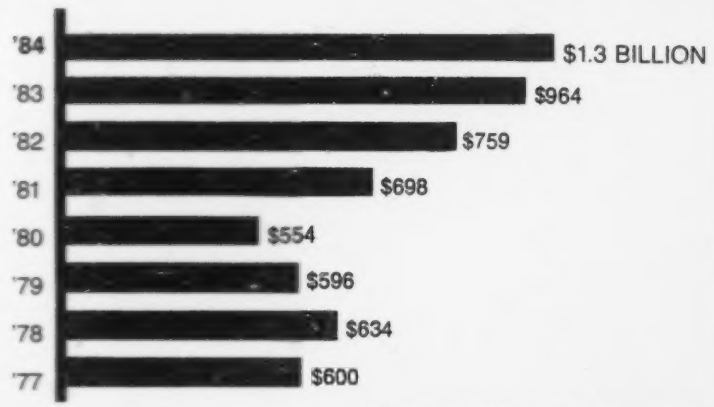
Sales of New Outboard Boats, Motors and Inboard/Outdrive Boats

IN DOLLARS AND UNITS

	1981	1982	1983	1984
$3,148 AVERAGE RETAIL COST OF 1984 OUTBOARD MOTOR				
Total units sold	318,000	293,000	337,000	411,000
Retail value	$698,010,000	$758,870,000	$963,820,000	$1,293,828,000
Average Value	$2,195	$2,590	$2,860	$3,148
$2,234 AVERAGE RETAIL COST OF 1984 OUTBOARD BOAT				
Total units sold	281,000	236,000	273,000	317,000
Retail value	$431,335,000	$408,752,000	$501,501,000	$708,178,000
Average value	$1,535	$1,732	$1,837	$2,234
$13,352 AVERAGE RETAIL COST OF 1984 INBOARD/OUTDRIVE BOAT				
Total units sold	51,000	55,000	79,000	108,000
Retail value	$652,545,000	$685,850,000	$974,860,000	$1,442,016,000
Average value	$12,795	$12,470	$12,340	$13,352
$734 AVERAGE RETAIL COST OF 1984 TRAILER				
Total units sold	190,000	160,000	184,000	200,000
Retail value	$98,990,000	$99,360,000	$121,624,000	$146,800,000
Average value	$521	$621	$661	$734

Outboard Motor Sales

The average retail cost of an outboard motor surpassed the $3,000 mark for the first time in history. In 1984 the average outboard retailed for $200 more than the previous year—a price increase of approximately 7.5%. Price increases in '83 over '82 averaged about 10%. The spiraling price of outboards is making the power option more expensive than the cost of the average outboard boat. Unit sales of outboards were up approximately 21%—their best showing in four years. Gains in total dollar sales over '83 amounted to a healthy 28%.



IN MILLIONS OF DOLLARS

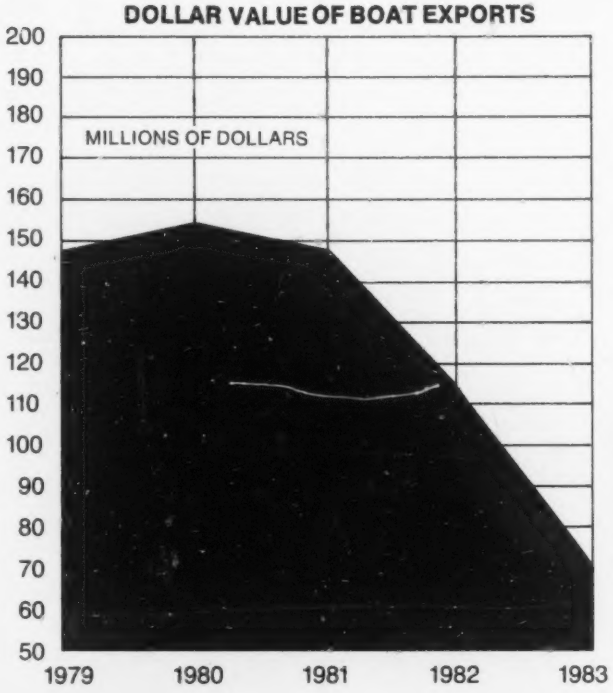
Exports Drop 37% in Dollar Value

Not since 1975, has the U.S. export market for pleasure boats and accessories done so poorly. For 1983 (the latest figures available), the dollar value of boat exports plummeted 37% to $71,537,000. This compared to total boat export sales of $113,661,000 in 1982.

Marine analysts attribute the sharp decline in boat exports to a strong U.S. dollar making prohibitive the purchase of American-made products with foreign currency. Dramatic drops in the foreign exchange value of the British pound, French franc and Italian lira, among others, have meant that once vibrant overseas markets for U.S. marine goods have virtually disappeared.

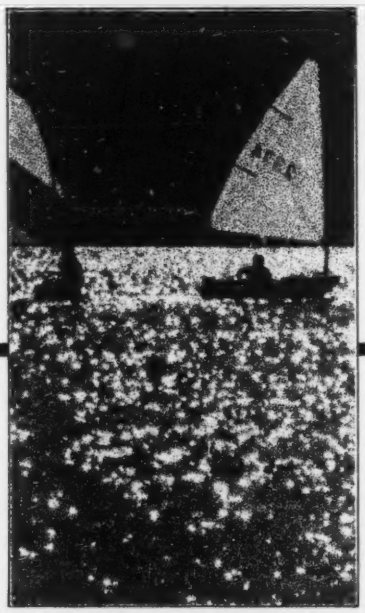
In terms of dollar volume, the leading markets for U.S. pleasure boats & accessories in 1983 were, in the following order: Canada ($13.9M); Italy ($5.5M); Great Britain ($5.5M); West Germany ($4.6M); France ($4.2M); Kuwait ($3.3M); Venezuela ($2.0M); and the Dominican Republic ($1.1M). Despite their preeminent status, all of these countries saw declines for purchases of U.S. pleasure boats & accessories in 1983.

DOLLAR VALUE OF BOAT EXPORTS



DOLLAR VALUE OF BOAT EXPORTS

Year	Value	% Change
1983	$ 71,537,000	−37
1982	$113,661,000	−21.7
1981	$145,136,693	−26.0
1980	$154,842,274	+8.9
1979	$142,148,702	+60.2
1978	$ 88,724,112	+13.2
1977	$ 77,983,753	+4.8
1976	$ 74,434,542	+20.5
1975	$ 61,781,000	−43.7

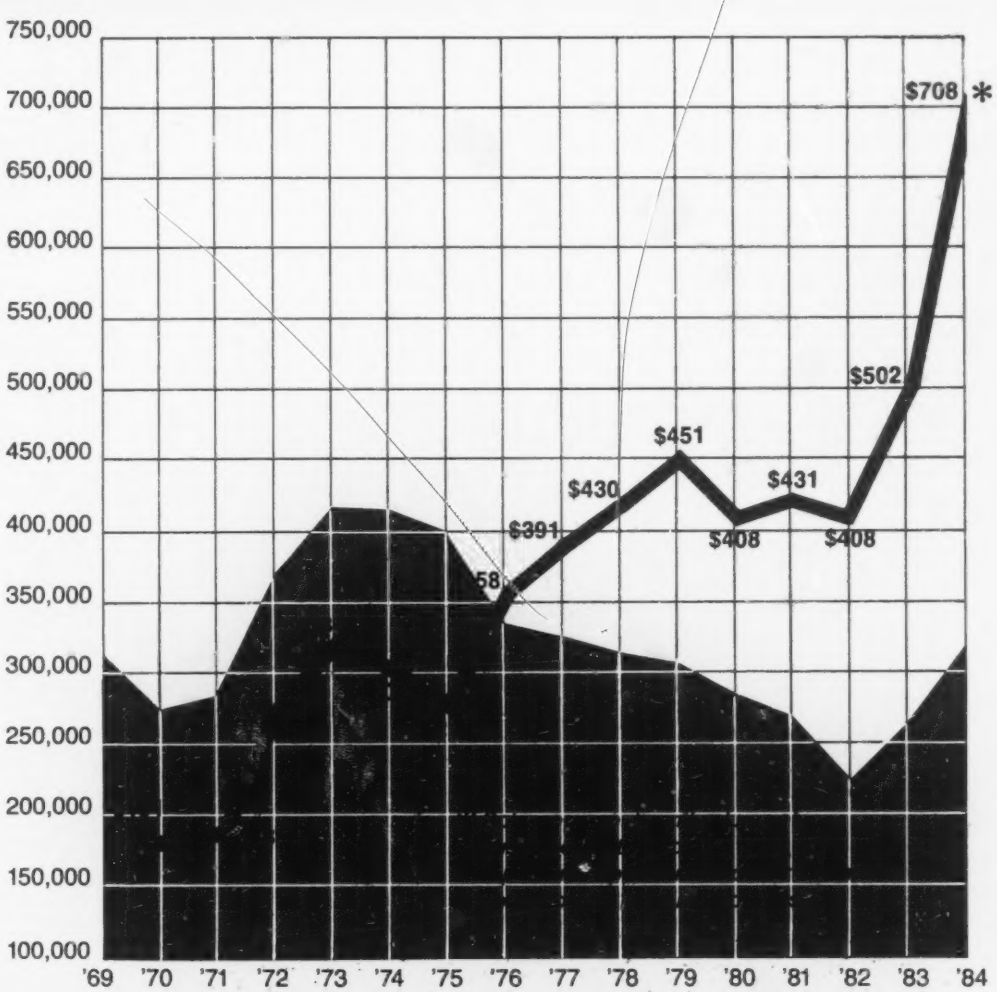


BEST EXPORT MARKETS

The markets listed below appear to be the most promising for U.S. exports of pleasure boats & accessories over the next two years. *Source: U.S. Chamber of Commerce*

Japan	Kuwait
Canada	Saudi Arabia
Italy	Bahrain
West Germany	Venezuela
Great Britain	Singapore
France	Dominican Republic

Outboard Boat Sales Show Dramatic Surge



For the first time in the history of the industry more than $700 million dollars was spent for new outboard boats in 1984. At the same time this 28% increase in dollar sales was being recorded, unit sales increased by a healthy margin. A total of 317,000 new boats were sold—and from the dealer's perspective there were corresponding increases in unit sales of motors and accessories as a result of pent-up consumer demand. This demand translated into the expenditure of disposable income for new boats and motors even though the retail price of both increased by healthy margins. For instance, the average unit cost of boats increased from $1,837 in 1983 to $2,234 in 1984. Correspondingly, the average unit cost of motors increased from $2,860 in '83 to $3,148 in '84.

Despite these increases, consumers continued to spend with an ever increasing eye towards "quality." They also tended to "trade-up" to larger models more frequently than they did in 1983. In summation then, 1984 saw consumers pursuant of larger boat and engine models as the nation's interest rates stabilized to acceptable levels where marine financing was both affordable and highly available.

Average Length of Outboard Boats Increases to an Average of Sixteen Feet

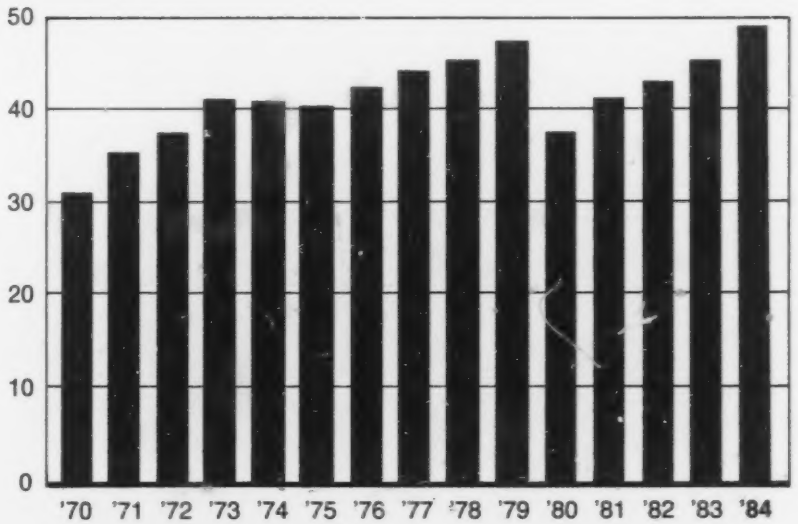
AVERAGE LENGTH

1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
14.4 FEET	14.8 FEET	14.9 FEET	15.1 FEET	16.3 FEET	15.8 FEET	15.8 FEET	15.8 FEET	15.8 FEET	16.0 FEET

For the first time since 1979 and the height of the marine industry, the average length of outboard boats increased to 16 feet. There are numerous explanations why. For one, consumers in their quest for quality and size, traded-up to larger models. A robust 1984 economy was the chief cause as interest rates and inflation both decreased to manageable levels enabling the Average Family to make new boat purchases or upgrade old ones. In addition, fuel prices stabilized to lower, more manageable levels offsetting the increased cost of outboard engines to the consumer. The drop in fuel prices also meant that many consumers who once turned to sail for fuel savings, returned to power. And returned in a big way. It also meant that more members of the Average Family were taking part in recreational boating. This can be seen in the increased popularity of not only water-skiing, but fishing, of all kinds. In fact, the sportfishing segment of the outboard boat market was a key contributor to the increased average length of boat models. All together then, Mr. Average Dealer had a bonanza year supplying new and old customers with larger models and thus, larger profits.

Outboard Motor Horsepower... A Steadily Upward Trend

Ever since 1980, the average horsepower of outboard motors has risen steadily and 1984 was no different. In fact, the average horsepower today is higher than it's ever been. Technical improvements such as increased fuel efficiency and lighter weight parts, have all contributed to this record level. Certainly increased competition from Japanese manufacturers has also been a factor which has spurred technological improvements throughout the marketplace. This trend should continue into 1985.

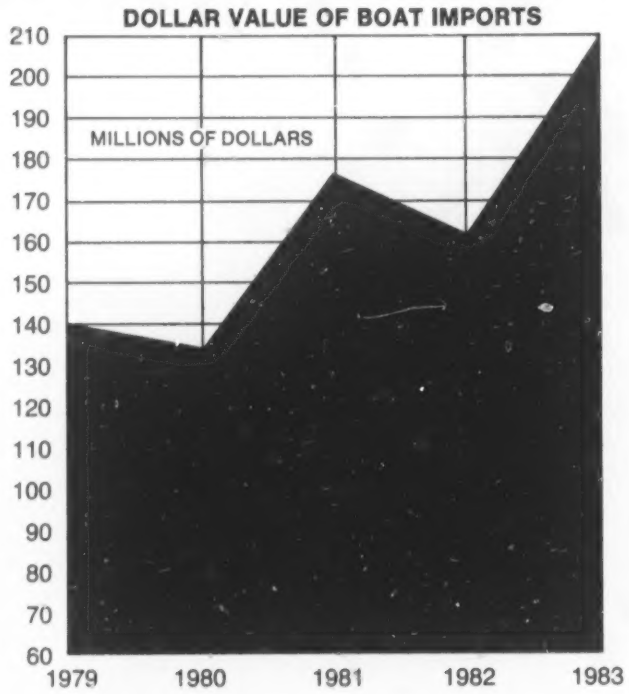


1983 Imports Show Hefty 32% Increase

The U.S. experienced a 32% increase in boat imports for 1983 translating into a dollar volume of $210,202,000 versus $151,225,000 in 1982. The percentage increase in boat imports then, was nearly inversely proportional to the decline in U.S. boat exports. In terms of Dollar Volume, the countries from whom the U.S. imported the most boats were: Taiwan ($67.7M); Canada ($35.7M); France ($17.5M); Great Britain ($11.2M); Hong Kong ($10.7M); Japan ($10.0M); Singapore (8.4M); Italy ($7.7M); The Netherlands ($5.9M); Sweden ($4.0M); Australia ($2.6M).

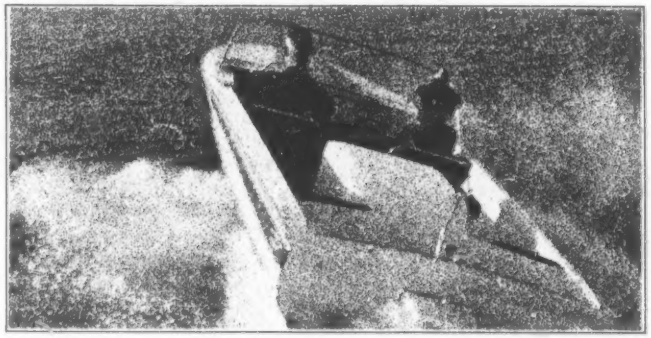
DOLLAR VALUE OF BOAT IMPORTS

Year	Value	% Change
1983	$210,202,000	+32
1982	$151,225,000	−8.2
1981	$164,712,949	+28.0
1980	$128,233,550	−4.7
1979	$134,541,117	+27.3
1978	$105,657,112	+32.1
1977	$ 79,965,379	+41.4
1976	$ 56,587,692	+9.1
1975	$ 51,873,352	−15.0



Accidents Up in 1983

Boating accidents were up sharply and across-the-board in 1983, with the possibility that trend will continue through 1984 and 1985. Why? The sheer increase in the number of boats on the water is a major factor. This increase is attributable not only to a surge in new boat sales, but also the ever increasing frequency of established owners and their family's cruising the waters. However, as these boaters become more experienced and the market finds a comfortable growth plateau, these figures should drop.

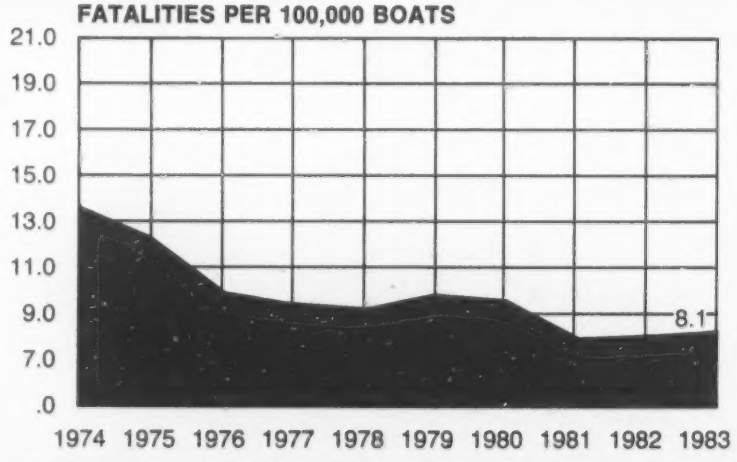


1980	1981	1982	1983	
5,513	5,128	5,377	5,569	boating accidents reported to the Coast Guard
6,954	6,573	7,071	7,344	boats involved in accidents reported to the Coast Guard
1,360	1,208	1,178	1,241	lives lost in boating accidents reported to the Coast Guard
2,650	2,438	2,682	2,913	persons injured non-fatally in boating accidents reported to the Coast Guard

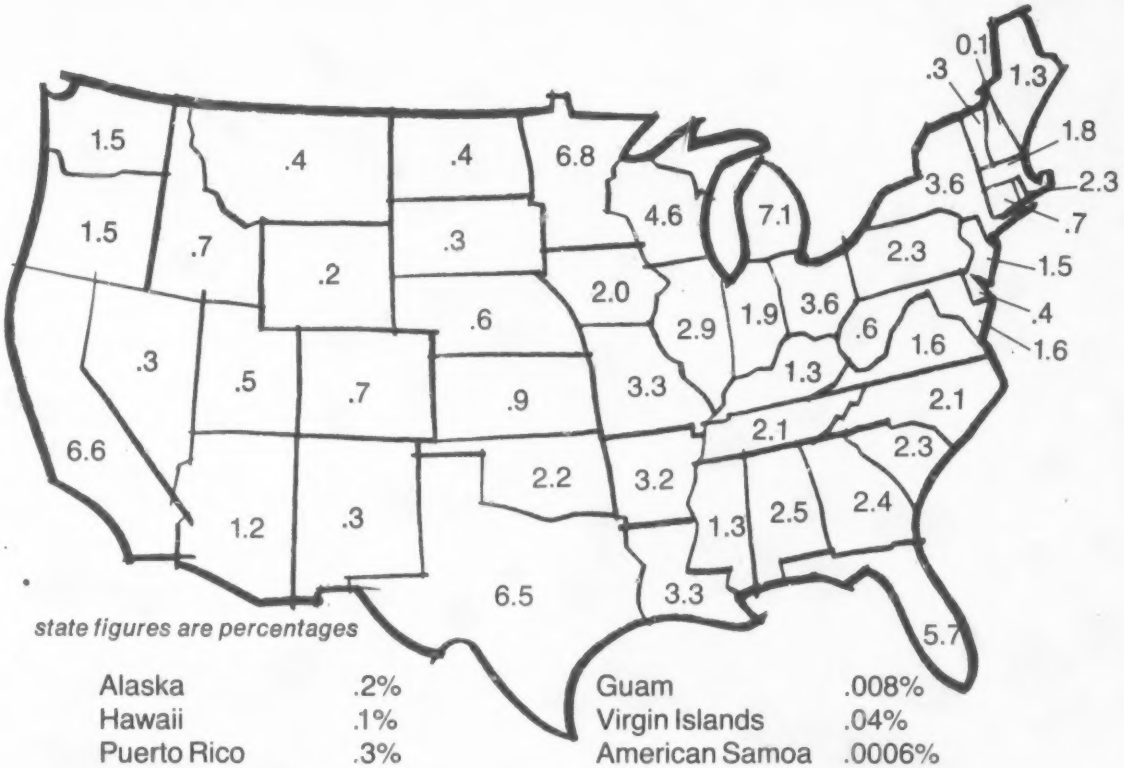
Fatalities Rise: Death Rate Per 100,000 Boats Increases to 8.1

In 1983, the death rate per 100,000 boats has increased.

This increase cannot be explained by the sudden bevy of new boats on the water, as much as the buyers who use them. They are first-time buyers. And many marine analysts believe the fatality rate increase can be correlated to their lack of familiarity with safety regulations and overlooking necessary precautions on the water. In short, boater inexperience is the key problem here; a problem which should slowly recede with time, as should the fatality rate.



Distribution of 9,350,533 Registered Boats by State



state figures are percentages

Alaska	.2%	Guam	.008%
Hawaii	.1%	Virgin Islands	.04%
Puerto Rico	.3%	American Samoa	.0006%
District of Columbia	.05%	Northern Marianas	.001%

States	Population (thousands)	Total Registered Boats	% of Total Registered Boats in the U.S.	One Boat Per ( ) Persons	Sq. Miles Inland Water	Miles of Coastal Shoreline	EFFECTIVE BUYING INCOME: Per Capita	Median Household	Total Households (thousands)	Total Households over $20,000 (thousands)
NEW ENGLAND—589,368 REGISTERED BOATS 6.4%										
Connecticut	3,133.1	66,881	0.7	46.8	147	618	12,505	30,529	1,127.1	792.7
Maine	1,154.2	116,417	1.3	10.0	2,270	3,478	8,343	19,998	419.1	209.5
Massachusetts	5,764.9	161,137	1.8	35.8	460	1,519	10,710	25,957	2,107.7	1,319.1
New Hampshire	964.5	6,579	0.1	146.6	286	131	9,845	24,318	345.8	209.8
Rhode Island	954.3	209,615	2.3	4.5	158	384	9,838	23,471	350.5	203.4
Vermont	528.9	28,737	0.3	18.4	341	—	8,609	20,727	190.2	99.0
MIDDLE ATLANTIC—1,625,522 REGISTERED BOATS 17.7%										
Delaware	608.3	36,167	0.4	16.8	112	381	10,460	26,174	215.2	136.0
District of Columbia	618.4	4,524	—	136.7	—	—	12,977	25,692	248.1	153.5
Georgia	5,777.4	219,876	2.4	26.3	854	2,344	8,708	21,144	2,014.9	1,062.6
Maryland	4,327.7	142,515	1.6	30.4	623	3,190	10,908	27,677	1,529.4	1,014.4
New Jersey	7,484.6	138,367	1.5	54.1	319	1,792	11,643	29,026	2,668.0	1,796.6
New York	17,740.7	327,700	3.6	54.1	1,731	1,850	10,835	25,272	6,518.1	3,954.5
North Carolina	6,120.3	192,432	2.1	31.8	3,826	3,375	8,299	19,865	2,200.0	1,091.9
Pennsylvania	11,916.6	209,241	2.3	57.0	420	89	9,785	23,599	4,382.0	2,564.0
South Carolina	3,306.8	209,615	2.3	15.8	909	2,876	7,729	19,344	1,139.5	549.5
Virginia	5,583.5	145,085	1.6	38.5	1,063	3,315	9,953	24,201	1,975.5	1,180.9

The source of the figures used in the Effective Buying Income section and Population section are from the July, 1984 issue of *Sales and Marketing Management*. The figures are estimated for 12/31/83.

The source of the figures used in the Inland Water section is the U.S. Bureau of the Census, Areas of the U.S., 1980 State Area Management Print-out.

The source of the Coastal Shoreline figures is the U.S. National Oceanic and Atmospheric Administration, *the Coastline of the U.S.*, 1975.

States	Population (thousands)	Total Registered Boats	% of Total Registered Boats in the U.S.	One Boat Per( ) Persons	Sq. Miles Inland Water*	Miles of Coastal Shoreline	EFFECTIVE BUYING INCOME			
							Per Capita	Median Household	Total Households (thousands)	Total Households over $20,000 (thousands)
GULF COAST—1,775,313 REGISTERED BOATS 19.4%										
Alabama	3,990.4	227,657	2.5	17.5	938	607	7,973	18,732	1,429.0	679.6
Florida	10,815.5	526,495	5.7	20.5	4,511	5,095	9,892	20,794	4,200.7	2,183.2
Louisiana	4,471.7	303,044	3.3	14.8	3,230	7,721	8,798	21,161	1,565.8	821.1
Mississippi	2,605.1	123,249	1.3	21.1	456	359	7,102	17,020	879.7	374.3
Texas	15,896.8	594,868	6.5	26.7	4,790	3,359	9,714	23,412	5,601.5	3,219.4
EAST CENTRAL—957,911 REGISTERED BOATS 10.5%										
Arkansas	2,350.1	293,928	3.2	8.0	1,109	—	7,350	16,821	844.0	349.1
Kentucky	3,753.2	114,767	1.3	32.7	740	—	8,186	19,237	1,350.3	650.2
Missouri	4,990.3	302,730	3.3	16.5	752	—	9,248	21,460	1,843.8	984.4
Tennessee	4,719.8	192,018	2.1	24.6	989	—	8,491	19,839	1,692.5	839.4
West Virginia	1,973.5	54,468	0.6	36.2	112	—	7,832	18,813	714.9	335.8
GREAT LAKES—2,481,865 REGISTERED BOATS 27.1%										
Illinois	11,511.2	270,043	2.9	42.6	700	—	10,692	26,016	4,227.6	2,647.8
Indiana	5,526.3	174,479	1.9	31.7	253	—	8,969	22,802	1,961.1	1,119.0
Michigan	9,129.3	654,143	7.1	14.0	1,573	—	9,915	25,525	3,230.1	2,000.8
Minnesota	4,168.4	622,872	6.8	7.0	4,854	—	9,913	24,365	1,504.7	900.5
Ohio	10,767.4	334,423	3.6	32.2	325	—	9,614	23,390	3,995.8	2,324.6
Wisconsin	4,766.1	425,905	4.6	11.2	1,727	—	9,755	24,206	1,736.4	1,042.7
WEST COAST—879,160 REGISTERED BOATS 9.6%										
California	25,332.3	605,387	6.6	41.8	2,407	3,427	11,222	26,040	9,386.6	5,855.1
Oregon	2,675.7	138,131	1.5	19.4	889	1,410	9,118	20,825	1,032.4	538.8
Washington	4,346.7	135,642	1.5	32.0	1,627	3,026	10,353	23,852	1,656.0	971.2
MIDWEST MOUNTAIN—984,936 REGISTERED BOATS 10.7%										
Arizona	3,020.5	107,033	1.2	28.2	492	—	8,979	20,889	1,120.8	585.7
Colorado	3,183.5	64,367	0.7	49.4	496	—	10,665	24,713	1,208.5	735.6
Idaho	1,003.5	64,703	0.7	15.5	1,153	—	8,123	20,510	348.1	178.8
Iowa	2,934.0	185,129	2.0	15.8	309	—	9,602	22,461	1,108.8	621.8
Kansas	2,430.2	81,919	0.9	29.7	499	—	10,383	23,448	924.1	535.9
Montana	822.6	32,981	0.4	24.9	1,657	—	8,674	20,253	308.8	156.4
Nebraska	1,603.4	50,994	0.6	31.4	711	—	9,652	22,445	594.4	332.1
Nevada	904.6	30,273	0.3	29.9	667	—	10,749	23,546	358.6	210.1
New Mexico	1,416.7	30,919	0.3	45.8	258	—	8,347	20,168	496.5	250.3
North Dakota	687.0	38,134	0.4	18.0	1,403	—	9,957	23,960	244.6	144.3
Oklahoma	3,345.8	202,641	2.2	16.5	1,301	—	9,440	21,276	1,245.6	659.9
South Dakota	705.8	29,305	0.3	24.1	1,164	—	8,735	19,824	259.4	128.6
Utah	1,642.4	47,152	0.5	34.8	2,826	—	7,807	23,023	503.1	291.7
Wyoming	517.5	19,386	0.2	26.7	820	—	10,630	26,494	190.1	122.2
NON CONTIGUOUS—56,458 REGISTERED BOATS 0.6%										
Alaska	499.6	17,082	0.2	29.2	20,171	31,383	12,548	32,546	169.9	120.4
Hawaii	1,033.4	12,604	0.1	82.0	46	1,052	10,206	27,917	326.2	215.7
American Samoa		73	—							
Guam		680	—							
N. Marianas		134	—							
Puerto Rico		23,013	0.3							
Virgin Islands		2,872	—							

* Excludes the waters of the adjacent Great Lakes. Areas listed in sq. miles: Lake Michigan (22,178), Lake Erie (5,002), Lake Superior (21,116), Lake Huron (8,975).

The Average Dealer, 1984

For the average marine dealer, 1984 seemed like a breath of fresh air. A resurfacing of sorts, after nearly five years of drowning—or at least gasping, in a sea of economic disarray. In those days, discounting coupled with high interest rates and inflation made it prohibitive for dealers to floorplan and consumers to finance. Many retailers saw established peers forced to close their shops and wondered if the same fate did not wait for them. In short, it was a time of fear and disillusionment.

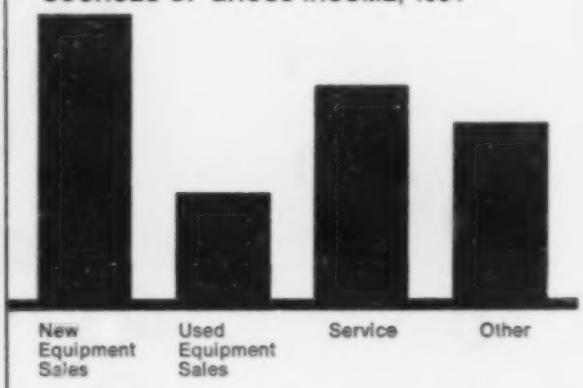
1984 however, replaced that fear and disillusionment with courage and optimism as dealers across-the-board (from power to sail) and across the country, experienced a dramatic growth year. For some, the best year in their history.

In 1984, the average marine dealer reaped a 25% increase in gross sales over the previous year. In 1983 the average retailer grossed approximately $555,000. But in 1984 he grossed $693,750; an increase of $138,750. However, if that marine retailer operated a waterfront facility, he fared even better; grossing an average of more than $1 million.

As for product breakdown, the average marine dealer who sold powerboats, or a high mix thereof, did better than the retailer who emphasized sail. Considerably better. Even so, both types of dealers, on average, also offered servicing and accessories and did well in these areas. Many dealers referred to it as the "quiet backbone" of their business. A backbone first reinforced during the "recession years" to counter sluggish boat and engine sales.

For 1985, the average marine dealer is more optimistic than ever; especially with Ronald Reagan's re-election. He is also more sophisticated than ever, with many retailers opting for office computers to organize their budgets and inventories. If present statistics hold true, 1985 should be a bonanza year!

SOURCES OF GROSS INCOME, 1984

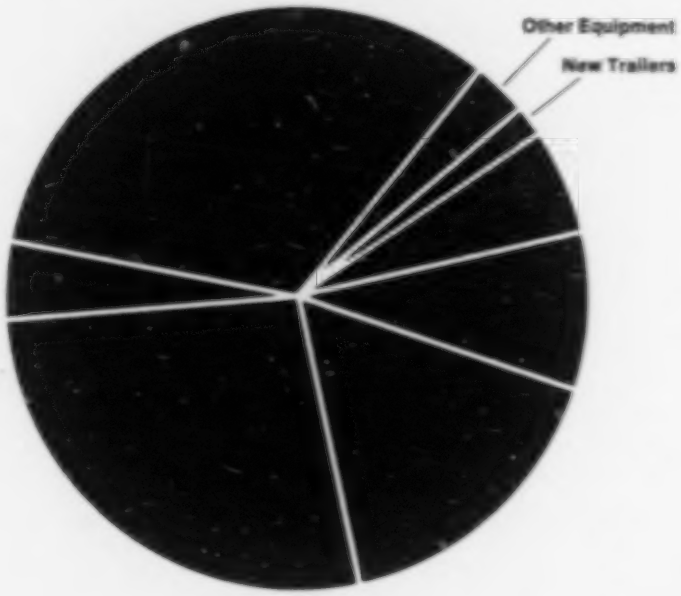


Marinas and Boatyards, 1984

Industry sources indicate that at the end of 1984, there were approximately 5,789 marinas, boatyards and yacht clubs in operation—down from 5,919 in 1983. The decline can be attributed to those operators who had streamlined their business, sold their waterfront real estate to condominium developers, or those who were simply the last to be winnowed out from the economic whiplash of preceding years.

Of the combined 5,789 figure, 4,489 could be classified as marinas and 1,300 as boat clubs. This would indicate the amount of boat clubs had declined compared with 1983; by as much as 200. It also points to a growing problem particularly in the Northeast: a lack of slip space. Various Sun Belt areas and parts of California and Florida have also experienced this dilemma. On the other hand, the trend toward dockominiums and waterfront housing developments incorporating private marina facilities, continued to gain strength. However, waterfront attrition of slip space still outweighs this growing trend.

MARINA INCOME: WHERE THE DOLLARS COME FROM



The Water Ski Market

PEOPLE: 15,480,000 persons participated in water skiing at least once during 1984.

UNIT SALES BY TYPE:
514,600 combination/regular skis
126,800 slalom skis
6,900 trick skis
1,450 jump skis

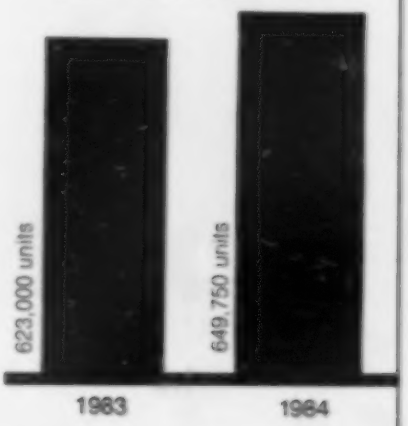
TOTAL DOLLAR SALES: Total dollar sales in 1984 at the wholesale level amounted to $62,567,000; approximately an 18% increase over 1983 wholesale dollar sales of $50,257,000.

WATER SKI SALES: The total wholesale dollar value of water ski unit sales in 1984 was $37,250,000; a 15% increase over 1983's volume of $32,175,000.

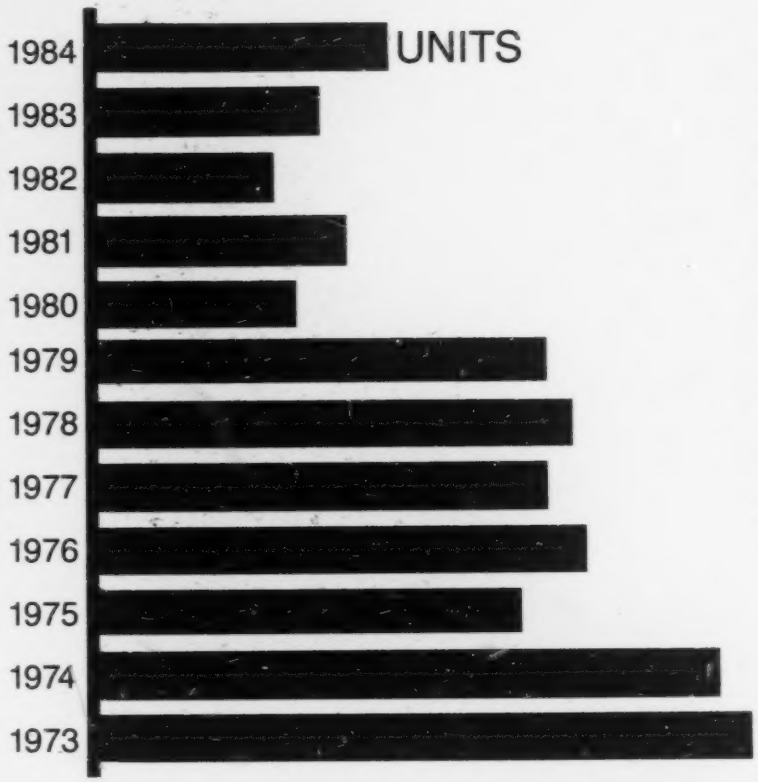
WATER SKI ACCESSORY SALES: At the wholesale level, sales of $20,430,000 were reported for vests, ropes, and other water ski accessories; a 13% jump over the previous year's sales of $18,082,000.

Figures tabulated from several sources including the Water Ski Industry Association, North Palm Beach, Fla.

UNIT SALES OF WATER SKIS



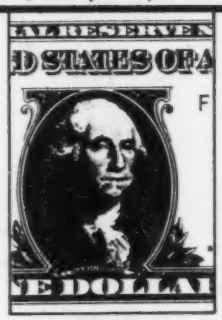
The Trailer Market Sees Healthy Gains



For the first time since 1979, total units sold of new boat trailers topped the 200,000 mark; up 16,000 units from 1983. In addition, the average unit cost rose $73, from $661 in 1983 to $734 in 1984. Finally, total sales expanded in 1984 by more than $25 million dollars.

In short, the trailer market experienced a sold growth year as consumers who traded-up to larger boat models, also purchased larger trailers. Also, the growing shortage of slip space throughout the country, contributed to the healthy rise in trailer sales. In addition, the growing popularity of water skiing and sportfishing has enhanced the growth of the trailer market in that boats for such recreational pastimes require, for the most part, trailers.

TOTAL SALES

$98,990,000	$99,360,000	$121,624,000	$146,800,000
			
$521	$621	$661	$734
1981	1982	1983	1984

AVERAGE RETAIL COST

The Financial Marketplace

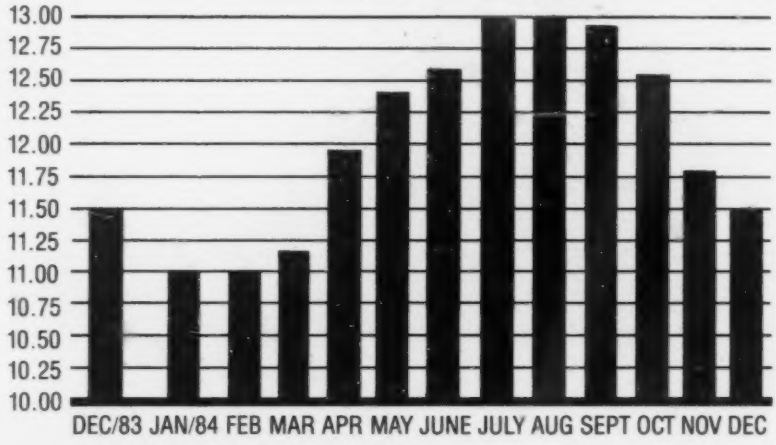
FINANCING LOOSENS UP

In 1984, the financial marketplace created a climate of confidence whereby dealers could floorplan without trepidation, and consumers could finance without fear. It was a year which showed remarkable stability; beginning in January with an average prime interest rate of 11%, ending in December with a figure of 11.50%. In between, however, we had a hill-valley effect with the average prime rate steadily rising to its highest level—13% in July and August—and then slowly declining by nearly two points in November; primarily due to presidential politics and election balloting.

What it meant for the pleasure boating industry was a bonanza year in sales which reached their highest levels since 1978-1979. It meant, in short, that the pipeline was empty—a major coup for manufacturers who entered 1984 wondering if dramatically expanded production plans would be shoved down their throats. A major coup could also be claimed by dealers who recorded record sales despite occasional product shortages in the beginning of the year. In addition, dealers found it easier to floorplan this product due to the increased number of willing lenders.

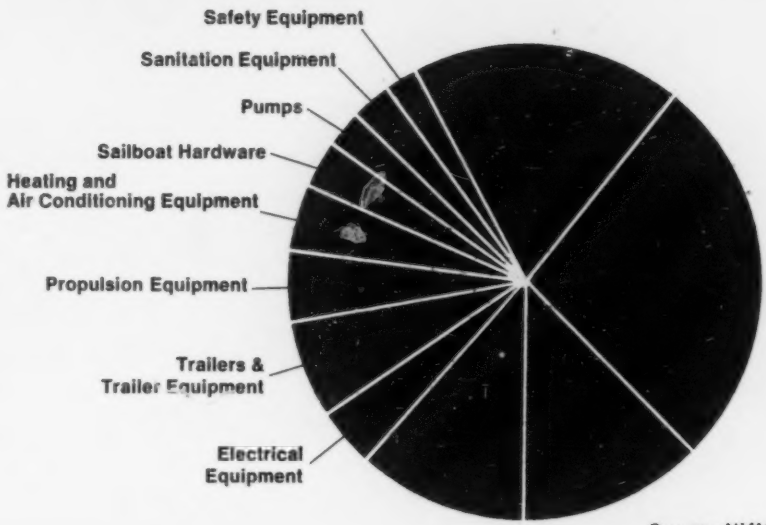
Besides marine finance companies, commercial banks, and savings and loan institutions, dealers also found more and more boatbuilders willing to factory floorplan. This trend should continue through 1985.

PRIME RATE PROFILE FOR 1984



The Accessories Market Gains

In 1984, the accessories market experienced total sales of $818,265,000; an increase of nearly 25% over 1983 figures. The increased sales figures is due primarily to existing boat owners who participated in our economic rejuvenation by purchasing "extra items" for their boat. Everything from swim ladders and foul-weather gear to advanced marine electronic units, found a home with the American boater primarily because they were cash or credit card purchases at a time of peaked disposable income. For 1985, all indicators point to the continuance of this trend, with an even greater increase in total accessory sales.



Source: NMMA

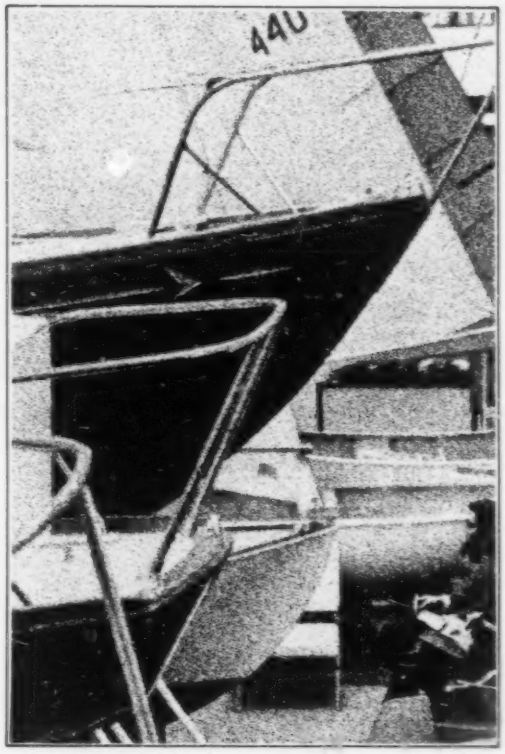
Sailboat Market: Mixed Results

As in 1983, the sailboat market made progress in 1984. But once again it followed the Old Chinese Rule of the Road, "Big Boat Go First," as far as units sold could be measured. The non-powered boats (excluding sailboards) were down in terms of total units sold. However, dollar volume was higher than '83 figures because the average retail unit cost increased. For auxiliary-powered sailboats, 30 feet and under, declines were experienced in both total units sold and total sales. It was only in auxiliary-powered sailboats, 30 feet and over, where gains were seen across the board. Total units sold and dollar volume all were up in this category, while the average retail price declined from $86,435 to $79,140; the only price decline of the three categories.

The sailboat market then, continues to be the weak link of the marine industry with larger auxiliaries the only category showing appreciable growth, approximately 25%.

According to sailmakers, downturn in sailboat models under 30 feet can be attributed to numerous factors not the least of which were inroads made by the growth of the powerboat market. Consumers found the convenience of "turning a key" far more appealing than learning the expertise of sail if they had the financial choice. A stabilized American economy gave them that choice.

However, the after-market (sail accessories, equipment, etc.) continued to show solid sales gains, in some cases better than the powerboat segment.



	1982	1983	1984
NON-POWERED SAILBOATS, ALL SIZES*			
Total units sold	50,000	40,000	36,600
Retail value	$121,000,000	$115,040,000	$118,108,000
Average retail unit cost	$2,420	$2,876	$3,227
AUXILIARY-POWERED SAILBOATS, 30 FT AND UNDER			
Total units sold	1,060	1,290	1,100
Retail value	$34,598,000	$35,900,700	$33,827,000
Average retail unit cost	$32,640	$27,830	$30,752
AUXILIARY-POWERED SAILBOATS, 30 FT AND OVER			
Total units sold	2,340	2,450	3,050
Retail value	$194,922,000	$211,765,700	$241,377,000
Average retail unit cost	$83,300	$86,435	$79,140

*DOES NOT INCLUDE SAILBOARDS